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## **The legitimacy of subsidiary issue selling: Balancing positive & negative attention from corporate headquarters**

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# **The Legitimacy of Subsidiary Issue Selling:**

## **Balancing Positive & Negative Attention from Corporate Headquarters**

### **Abstract**

We consider how in issue selling, subsidiaries draw on different forms of legitimacy to attract corporate headquarters' (CHQ) positive attention and minimise negative CHQ attention. Through case study evidence, we find that directing CHQ attention to subsidiary issues needs to be executed as a balancing act through forms of subsidiary legitimacy, namely; the personal legitimacy of key individuals at the subsidiary; consequential legitimacy vis-à-vis peer subsidiaries; and linkage legitimacy in the local environment. We develop a typology of subsidiary issue-selling roles and illustrate how negative CHQ attention results from a failure to legitimise issue selling.

### **Keywords:**

Issue Selling; Negative Attention; Positive Attention; Subsidiary Legitimacy; CHQ-Subsidiary Relations; MNE.

## 1. Introduction

The multinational enterprise (MNE) is increasingly portrayed as an internal market system where intense intra-firm competition between subsidiaries is inevitable (Birkinshaw & Lingblad, 2005; Chen et al. 2011; Luo, 2005). The structure of the corporate headquarters (CHQ)-subsidiary relationship has evolved from a focus on formal bureaucratic control to an informal differentiated network (Kostova et al. 2016; Kunisch et al. 2014). Subsidiaries are often encouraged to compete for resources from their CHQ, but arguably the most valuable and limited of these resources is the way the CHQ's 'attention' is devolved across the MNE (Ambos et al. 2010; Bouquet & Birkinshaw, 2008a; Bouquet et al. 2016). The fight for CHQ attention has been well documented in recent studies. These studies have largely focused solely on how subsidiaries attract 'positive' attention in the form of material resources from CHQ and how this subsequently contributes to the performance of the subsidiary's role over time (Ambos & Birkinshaw, 2010; Bouquet et al. 2015). Positive attention is generally regarded as a forward looking and value enhancing corporate resource for subsidiaries, and research has shown that it can be a prerequisite to developing subsidiary bargaining power and autonomy within the MNE (Bouquet et al. 2009).

Attention in the MNE can be conceptualised as the expression of a zero-sum relationship between the CHQ and the subsidiary in that attention to one subsidiary subsequently means less attention to others (Ambos & Birkinshaw, 2010; Birkinshaw et al. 2007). Within this 'attention market' subsidiaries ultimately attempt to redirect or buffer CHQ's attention to emerging trends or developments in their local environments (Bouquet & Birkinshaw, 2008a; Bouquet & Birkinshaw, 2009; Ocasio, 2011). We draw on issue-selling arguments as a lens to investigate how subsidiaries direct CHQ attention to key issues at the subsidiary level. Directing attention to critical issues can be a risky endeavour for subsidiaries as it is fundamentally an entrepreneurial process where subsidiaries promote unique and unfamiliar ideas (Dutton & Ashford, 1993; Dutton & Jackson, 1987). Competition for positive CHQ attention may cause the subsidiary to take risks in promoting issues that are misaligned with the mandate initially set out by CHQ. The subsidiary's behaviour may be misconstrued by CHQ as self-serving or disingenuous, largely due to CHQ's limited knowledge of these issues *a-priori* (Bouquet & Birkinshaw, 2008a). Attention biases such as bounded rationality and ethnocentrism can also generate suspicion and even hostility from CHQ, particularly if issues have come from unfamiliar sources (Barner-Rasmussen et al. 2010; Birkinshaw & Ridderstrale, 1999; Bouquet et al. 2016). Over time issue selling may result in what we term

‘negative’ CHQ attention, which we define as direct or indirect interventions from CHQ that destroy value at the subsidiary level. Negative attention may be difficult to differentiate from CHQ control or monitoring (Bouquet & Birkinshaw, 2008a) but it is essentially an undesirable outcome for subsidiaries. However, to date, the literature on theories of attention within the MNE focuses almost exclusively on positive CHQ attention (Ambos & Birkinshaw, 2010; Birkinshaw et al. 2007; Ocasio, 2011), largely ignoring the ‘darker side’ of negative CHQ attention. Directing positive CHQ attention can be a double-edged sword, as it risks attracting negative CHQ attention, which can lead to the destruction of the subsidiary’s role. This clearly represents a key risk for subsidiary managers and heretofore the academic literature has largely been silent in terms of helping them understand the dynamic. Considering how subsidiaries balance this process is a key problem that our study aims to explore.

The current paper argues that successful issue selling is predicated on a set of legitimating forms specific to the subsidiary. Research generally focused on organisational legitimacy has shown that it can be used for both attracting valuable resources (Zimmerman & Zeitz, 2002; Zott & Huy, 2007) and combating an unfavourable image (Suchman, 1995). To date, research has largely neglected the role of legitimacy at the subsidiary level as a means to understand the subsidiary relationship with CHQ. We argue that subsidiaries have to work hard to legitimise key issues, which portrays them as committed corporate citizens playing by the rules of the corporate game. Further, it is essential that these issues are sold in a way that ensures their alignment with the corporate agenda. Our paper addresses this problem by investigating how subsidiaries use different forms of legitimacy to direct positive CHQ attention to key issues while simultaneously limiting or minimising negative CHQ attention.

We identify three specific forms of subsidiary legitimacy and illuminate how each of these attracts positive CHQ attention. The particular forms of subsidiary legitimacy we identify are the personal legitimacy of key individuals at the subsidiary (supportive attention), consequential legitimacy vis-à-vis peer subsidiaries (relative attention) and linkage legitimacy from the subsidiary’s local environment (visible attention). Our research begins to fill the void in terms of empirical work on negative CHQ attention by illustrating how subsidiaries that do not align their issue-selling endeavours with these particular forms of legitimacy ultimately attracted negative attention from CHQ. In so doing, we also develop a typology of subsidiary issue-selling roles that explains how the level of legitimacy a subsidiary has impacts both the quality and quantity of attention it receives from CHQ. These concerns are critical, as positive CHQ attention can be central to maintaining the development of a subsidiary’s influential

position within the MNE. Equally, negative CHQ attention may threaten the subsidiary's relationship with key corporate decision makers and ultimately limit its opportunities in attaining future corporate investment. Indeed, negative CHQ attention may ultimately destroy value at the subsidiary level and potentially to the MNE as a whole. Hence, these concerns are relevant for both corporate executives and subsidiary managers in enhancing the efficient management and allocation of resources across the MNE network.

Drawing on and contributing to two distinct but interrelated fields of work, namely - subsidiary issue selling (Balogun et al. 2011; Dutton & Ashford, 1993; Ling et al. 2005) and organisational legitimacy - (Bitektine, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002; Zott & Huy, 2007) we contribute to the attention oriented perspective on the MNE (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008a; Birkinshaw et al. 2009; Bouquet et al 2016; Ocasio, 2011) by exhibiting legitimacy as a key determinant for attracting and capturing positive CHQ attention, while concomitantly minimising negative CHQ attention. The paper is structured as follows; the next section positions the current study within the literature on CHQ attention before outlining subsidiary issue selling and legitimacy in the MNE. The second section details the qualitative exploratory methodology of this study. Thirdly, we present the empirical findings and finally, we discuss the findings and their theoretical and practical implications.

## **2. Attention from Corporate Headquarters**

### *2.1 Positive CHQ Attention*

Studies that examine attention in the MNE primarily consider positive CHQ attention, defined as the extent to which CHQ recognises and gives credit to the subsidiary for its contribution to the MNE (Bouquet & Birkinshaw, 2008a). Positive attention is generally regarded as a valuable resource that is challenging for subsidiaries to attain, but equally as complex for CHQ to allocate (Bouquet & Birkinshaw, 2009). Positive CHQ attention may unfold in three ways; 'supportive', through the provision of resources to support subsidiary development; 'relative' vis-à-vis peer subsidiaries, or 'visible' through the explicit recognition of the subsidiary from CHQ in the media (Bouquet & Birkinshaw, 2008a). Positive attention allows the subsidiary to stay connected with headquarters (supportive attention), raise their profile within the MNE (relative attention) and with external stakeholders (visible attention) (Ambos & Birkinshaw, 2010). Supportive attention may be demonstrated through CHQ endorsement in the form of

further investment, monetary bonuses for senior executives or mandate extension for subsidiaries. Relative attention is the result of a zero-sum game in which subsidiaries compete to enhance their position internally in the MNE (Bouquet & Birkinshaw, 2008a). However, we add that the competition for attention needs to be balanced with collaborative approaches, such as best practice sharing in order for the subsidiary to avoid being perceived as self-serving. We argue that visible attention is the recognition a subsidiary gains from CHQ based on its external connections in the local environment. Locally distinctive linkages can provide visibility for the subsidiary at CHQ that might not have been achievable based solely on the subsidiary's merit.

From the CHQ perspective, international attention is considered a finite and perishable resource, where time and effort should be effectively invested in external overseas communications, internal executive discussions, or global scanning activities in order to assess opportunities and threats (Bouquet et al. 2009; Weick & Sutcliffe, 2006). From the subsidiary perspective, extant research has foregrounded the importance of a subsidiary's structural characteristics, such as the strategic role or mandate, in attracting positive CHQ attention (Birkinshaw & Hood, 1998; Delany, 2000; Mudambi et al. 2014; O'Donnell, 2000; Reilly & Sharkey Scott, 2013). The significance of the subsidiary's strategic location (Cantwell & Mudambi, 2011) or an enhanced global network (Andersson et al. 2007) for example can add 'weight' to the subsidiary's attention attracting efforts (Birkinshaw et al. 2007; Bouquet & Birkinshaw, 2008a). Studies also consider the way subsidiaries may use subtle relational approaches to attract attention such as profile building (Barsoux & Bouquet, 2013), initiative taking (Ambos et al. 2010; Schmid et al. 2014) or micro-political strategies (Geppert & Dorrenbacher, 2014), to 'vocalise' the subsidiary's achievements, depicting it as a valuable contributor the MNE (Bouquet & Birkinshaw, 2008a).

## *2.2 Negative CHQ Attention*

CHQ attention is not always a desirable outcome for subsidiaries. Current literature largely neglects exploring how subsidiaries can inadvertently attract unwanted or negative attention from CHQ (Bouquet & Birkinshaw, 2008a). We define negative CHQ attention as direct or indirect interventions from CHQ that destroy value at the subsidiary level. Negative attention has the potential to suffocate or even disempower the subsidiary over time (Bouquet & Birkinshaw, 2008a; Bouquet et al. 2015) and is generally characterised by excessive CHQ intervention in subsidiary activities. We argue that intervention may occur directly or indirectly. 'Direct' CHQ intervention may result in increased monitoring (Taggart, 1997),

expatriate deployment (Plourde et al. 2014) or even mandate removal (Dorrenbacher & Gammelgaard, 2010). Resistance and scepticism towards the subsidiary, which can lead to the dismissal of future proposals, also represent a direct form of negative CHQ attention. These direct forms of negative attention resemble attempts from CHQ to control the subsidiary, as CHQ may believe the subsidiary's behaviour is subversive and not aligned with the overall strategic agenda of the MNE. However, we argue that negative CHQ attention can also be 'indirect', where the CHQ is actively trying to support - not control - the subsidiary and may have good intentions in intervening. Bouquet et al (2009) observe that as CHQ devotes further attention to successful subsidiaries, corporate executives may develop a desire for additional information and overcommit themselves to certain issues. For example, CHQ may intervene excessively in prosperous early stage projects and request too much information or undertake too many visits. This may result in CHQ 'hyperattention', and prevent subsidiaries from achieving higher performance levels due to a drain on time (Bouquet et al. 2015). Indirect negative attention can therefore inadvertently destroy value in successful subsidiaries, even though the CHQ may be attempting to add value.

Research also confirms that the CHQ's ability to detect and interpret the quality of a given subsidiary issue is limited and largely inadequate (Ambos & Mahnke, 2010; Bouquet et al. 2009; Dellestrand, 2011). Attention biases at CHQ in the form of bounded rationality and ethnocentrism may be drivers of negative attention and may cause the CHQ to act with ignorance, destroying the potential value of an issue (Birkinshaw et al. 2007; Bouquet et al. 2016; Ciabuschi et al. 2011). Additionally, subsidiaries are naturally subordinate within the hierarchy of formal power, and the initial benefits of their issues are difficult for CHQ to determine *a priori* (Barsoux & Bouquet, 2013; Mudambi & Navarra, 2004; Taggart, 1997).

Other studies highlight a potential 'double-edge' to promoting the success of an organisation. Managers face a 'self-promoter's paradox' by attracting unwanted or excessive attention, owing to the fact that they may have over promoted the success of the organisation (Ashforth & Gibbs, 1990). This suggests that subsidiaries, which are over-aggressive in their attempts to attract positive attention from CHQ, may inadvertently be perceived as self-serving or subversive and may attract negative attention. Negative attention may also be differentiated from isolation or indifference. Indifference or isolation from CHQ equates to low levels of attention and can eventually lead to lower performance levels from the subsidiary over time (Monteiro et al 2008). Ultimately, the prevailing issue for subsidiaries should not merely be

about attracting CHQ attention, as many past studies have focused on, but rather, the quality and quantity of attention.

### *2.3 Subsidiary Issue Selling*

CHQ attention, either positive or negative, should be regarded as the selective interpretation of key 'issues' which originate at the subsidiary level (Ambos & Birkinshaw, 2010). Despite this, the application of issue-selling arguments in advancing the attention perspective of the MNE have largely been overlooked (Ansoff, 1980; Ocasio, 2011). Observed through the lens of impression management, issue selling is an upward influencing technique where subsidiaries act as 'sellers' in an internal market system (Balogun et al. 2011; Dutton et al. 2001). In this way, subsidiary managers conceive of, suggest or trigger new ideas that executives may neither foresee nor attend to, allowing lower level managers to shape the overall strategic agenda of the MNE (Dutton & Ashford, 1993). Issues that are considered strategic or valuable to the corporate agenda should capture positive attention, as these constitute events, developments and opportunities that are viewed as having implications for the organisation's performance (Ansoff, 1980; Dutton & Jackson, 1987). Successful subsidiaries generally develop the capacity to evaluate the MNE context before they decide to sell. Contextual conditions such as CHQ support from previous interactions, open-mindedness and relationship quality provide 'psychological safety' for the seller (Dutton et al. 1997; Dutton et al. 2002). In contrast, downsizing, uncertainty and fear of negative consequences are more likely to prevent selling activities (Dutton et al. 1997; Ling et al. 2005).

Research on issue selling has advanced our understanding of how subsidiaries can use a variety of issue-selling 'moves' (Dutton & Ashford 1993; Dutton et al. 2001). For example, 'packaging' or revealing information on an issue to CHQ in a language they can understand, or 'bundling' with other related issues help 'frame' issues positively (Gammelgaard, 2009). An issue that is framed as strategic, urgent, threatening or uncertain to resolve is more likely to be attended to (Dutton & Ashford, 1993). A high degree of strategic knowledge regarding the corporate agenda is valuable in framing issues in ways that would be perceived positively (Dutton et al. 2001). Subsidiaries that possess knowledge of the MNE's norms and goals are more likely to sell issues through private channels (one-to-one meetings) or public mechanisms (staff meetings, annual strategy events). Choosing whether to 'go it alone' or solicit support may also affect how an issue is endorsed. Managers may sell issues both formally, through



official tactics such as scheduled presentations and reports, or informally, through personal appeals, hallway discussions and behind the scenes negotiations (Dutton & Ashford, 1993; Ling et al. 2005). However, the issue-selling process evolves over time, and effective moves at one point in time may become redundant later (Howard-Grenville, 2007). Effective issue selling is a temporary process without *a-priori* successfully defined moves (Dutton et al. 1997). Therefore, repeated interactions assist managers to navigate the attention market (Bouquet & Birkinshaw, 2009) by experimenting with new moves, learning about recent changes at CHQ and acquiring more relevant capabilities (Howard-Grenville, 2007).

As suggested, directing positive CHQ attention to particular issues may represent a departure from a subsidiary's established mandate, risking attraction of negative CHQ attention. CHQ attempt to mitigate strategic ambiguity by directing positive attention disproportionately to issues that are deemed legitimate and in line with the corporate agenda while, concomitantly directing negative attention to those issues that are not. We therefore argue that subsidiaries need to focus on selling issues that are perceived as legitimate and can do so by drawing on specific forms of legitimacy at their disposal.

#### *2.4 Legitimacy of Subsidiary Issue Selling*

Legitimacy is defined as a social perception of acceptance or appropriateness indicating that the actions of an organisation are proper or apposite within a socially constructed system of norms, values and beliefs (Deephouse & Suchman, 2008; Suchman, 1995; Zimmerman and Zeitz, 2002). The ability of the MNE to achieve and maintain high levels of legitimacy is critical to accessing key resources and survival (Kostova et al. 2008; Rosenzweig & Sing, 1991, Tregaskis, 2003; Westney, 1993). The literature on organisational legitimacy has documented that legitimacy is anchored in a wide range of distinct but interrelated forms (Bitekine, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002; Zott & Huy, 2007). Clearly identifying which dimensions of the organisation's activities, procedures, personnel, outcomes and relationships are being 'judged' is key for recognising the most appropriate forms of legitimacy in particular circumstances (Bitekine, 2011). Despite this, we still know very little about how legitimacy is managed internally at the CHQ-subsidary interface. Scholars call for a more nuanced understanding of how legitimacy is garnered or leveraged in social and political interactions within the MNE (Kostova *et al.*, 2008). We draw insights from organisational legitimacy (Bitekine, 2011; Kostova & Zaheer, 1999; Suchman, 1995; Zott & Huy, 2007) in arguing that the subsidiary's legitimacy originates from three main sources or contexts in the MNE

(Birkinshaw & Hood, 1998). These contexts are the CHQ-subsidary relationship, peer unit interactions and the local external environment.

In the context of CHQ-subsidary relationship, it is important to examine the personal legitimacy of key individuals at the subsidiary level, as this is poorly understood. These individuals may use their legitimacy to attract supportive CHQ attention to key issues. According to Suchman (1995), personal legitimacy involves drive, conviction, or willingness to develop innovative ideas and approaches to interact with CHQ. Further, an individual's qualifications and certifications (for example from reputable business schools) similar to those of senior managers also signal personal legitimacy (Elsbach & Sutton, 1992). Individuals who spend more time at corporate offices can use this exposure to tap into networks of influence (Barsoux & Bouquet, 2013; Kostova & Roth, 2003) and create ties with key executive decision makers (Reiche, 2011; Taylor, 2007). These avenues provide opportunities for individuals to regularly interact with key corporate decision makers and identify with decision makers' preferences and values (Molloy & Delany, 1998; Schotter & Beamish, 2011; Vora et al. 2007).

Theoretically, the potential for the subsidiary to deploy a 'cooptation of elite' individuals across the MNE and use these individuals to enhance the subsidiary's position has been alluded to (Bouquet & Birkinshaw, 2008b). From the subsidiary perspective, this resonates with studies illustrating how CHQ purposely 'pollinate' the MNE with expatriates to control subsidiaries (Harzing, 2002). Personal legitimacy is not solely associated with formal authority and may instead be based on high levels of political and social skill (Harvey & Novicevic, 2004). Valuable knowledge, capabilities and skills offer the potential to identify with the logic of CHQ any may enhance the number of influential supporters at CHQ (Birkinshaw et al. 2007; Bouquet & Birkinshaw, 2008b). We argue that key individuals at the subsidiary with high levels of personal legitimacy can be used to sell critical issues, making it easier to direct supportive CHQ attention to these issues.

Another important source of subsidiary legitimacy originates from interactions with peer units. Suchman (1995) argues that consequential legitimacy originates from an organisation's achievements, activities, structures and processes relative to its peers. Subsidiaries are therefore generally judged against the performance of peer subsidiaries (Becker-Ritterspach & Dorrenbacher 2011; Birkinshaw & Lingblad, 2005; Najafi-Tavani et al. 2013) and research shows that this behaviour is based largely on 'coopetition' activities i.e. collaboration and competition between subsidiaries (Luo, 2005). For example, the subsidiary's track record in

solving problems or fulfilling specific requests from CHQ more often than other subsidiaries can be critical (Ambos et al. 2010; Barsoux & Bouquet, 2013; Rugman & Verbeke, 2001). Studies have demonstrated that competition with other internal subsidiaries is a central strategic agenda, hence it is imperative for the subsidiary to be vigilant and proactive in ‘advocating bases of comparison’ (Molloy & Delany, 1998) or enhancing their ‘optimal distinctiveness’ (Garcia-Pont et al. 2009). Similarly, research on legitimacy emphasises how an organisation can control its image by communicating coherent and consistent stories based on past performance records (Suchman, 1995). Best practice transfer or reverse knowledge transfer (RKT) (Ambos et al. 2006; Rabbiosi, 2011), for example, can also demonstrate to the CHQ the relative valuable contribution of the subsidiary (Najafi-Tavani et al. 2013). Therefore, we argue that the consequential legitimacy generated from peer interactions can be critical for directing CHQ relative attention to issues.

The local environment is another important source of legitimacy for subsidiaries. It is argued that the ‘linkage’ legitimacy an organisation receives in this regard can be cultivated by ‘piggybacking’ on the reputations or endorsements of key external actors or partners (Baum & Oliver, 1991; Chan & Makino, 2007; Zimmerman & Zeitz, 2002). Subsidiaries can foster external legitimacy in the local context by establishing relationships with central actors such as government officials, media, trade unions, non-governmental organisations (NGOs), suppliers and customers (Baum & Oliver, 1991; Becker-Ritterspach & Dorrenbacher, 2011; Hillman & Wan, 2005; Tregaskis, 2003). However, the way subsidiaries design their issue selling at CHQ in clarifying the value of the subsidiary’s connections with host country institutions or partners is poorly understood (Forstenlechner & Mellahi, 2011; Geppert & Dorrenbacher, 2014). Third party descriptions of issues may be viewed as more legitimate than first person accounts for example (Inman *et al.*, 2004). If the subsidiary’s own voice has lost impact or is perceived as inadequate, issues may be sold by building coalitions or seeking representation. Thus, the linkage legitimacy a subsidiary draws from the connections in its local environment can be critical for directing CHQ visible attention to key issues.

The challenge of managing positive and negative CHQ attention through subsidiary legitimacy is therefore one that has been largely overlooked in extant research and the current study focused on this key question. Drawing from the literature on issue selling and organisational legitimacy, combined with our data analysis process, we identify specific forms of subsidiary legitimacy, in the form of personal, consequential and linkage. These forms of legitimacy may

help in managing the quality and quantity of CHQ attention that a subsidiary receives. The following section considers the methodological underpinnings of this research.

### 3. Methods

An exploratory approach was considered appropriate given the relatively nascent development of current theory and research on how subsidiaries use their legitimacy to manage CHQ attention. Adopting a phenomenological perspective we employed qualitative methods to investigate subsidiary issue selling, with the subsidiary as the main unit of analysis. The size and the nature of the sample facilitates theoretical as opposed to numerical generalisations, with the former more suited to the goal of this research, which is to contribute to the development of new constructs by bringing two relatively distinct fields of research together in a new context (Gioia et al. 2013). This exploration exercises a case study approach, which is considered an appropriate tool for determining the early stage relationship between key variables (Gilbert et al. 2008). Qualitative case studies help researchers delve deep into complex matters, which are not wholly understood (Yin, 1994) and have been proposed as key methodological tools for investigating MNE activity (Birkinshaw et al. 2011; Pauwels & Matthyssens, 2004) and legitimacy (Zimmerman & Zeitz, 2002). In designing the case study framework, Eisenhardt's (1989) 'theoretical sampling' technique was used. Cases were selected based on their suitability for illuminating and extending our understanding of current theory. The sample comprised four U.S. MNE subsidiaries based in the medical device industry in the west of Ireland. Table 1 summarises the profiles of each of these cases.

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U.S. MNEs in particular, operating in the medical device sector have dominated the flow of foreign direct investment (FDI) in Ireland (Barry, 2007; Collings et al. 2010). Ireland has the highest concentration of medical device businesses anywhere in the world outside of the U.S. (IMDA 2015) and the western region is recognised globally as a leading medical device cluster (Giblin & Ryan, 2012). The main sampling source for identifying suitable subsidiaries in this

industry was the Industrial Development Agency's (IDA Ireland)<sup>1</sup> company database, while further sampling was carried out through media and company reports. A search identified 252 medical device MNEs in Ireland, of which 29 were U.S. headquartered and based in the western region. Ten of these had received major investment in the last three years, and within this sample, four subsidiaries were willing to provide full access. To ensure that the data reflected genuine events rather than *a priori* judgments, only subsidiaries that had gained an extension to their operations in the three years preceding the study were considered. Due to the success of Ireland as a location in attracting higher value added activities over the past several decades (Begley et al. 2005), three of the case subsidiaries are now operating under regional management mandates (RMM) for the EU, which is a distinct type of mandate where local subsidiaries perform certain delegated CHQ functions for a given region (Alfoldi et al. 2012). Our research and data collection is based on investigating the actions and behaviours that preceded the attainment of RMM status from CHQ. At the time of this study, these subsidiaries had just been granted RMMs and questions were targeted towards unearthing specific antecedents that led to these.

Semi-structured interviews with MNE subsidiary managers were chosen as the main method of data collection, as they are flexible enough to facilitate exploration of under-examined phenomena or constructs (King, 2004). Table 2 details the profiles of thirty semi-structured interviewees that were performed in total, from a time period of December 2011 to December 2012 (seven interviews were held first in HEALTHCO<sup>2</sup>, followed by eight in MEDCO, six in CHEMCO and eight in PHARMCO respectively). Four of these interviews were carried out with a corporate executive from each CHQ in an attempt to triangulate subsidiary responses. These corporate executives were former managers at the subsidiary level but at the time of the interviews were operating out of CHQ. From an interpretive perspective, it was perceived as important to develop an understanding of the meaning behind the subsidiary responses, thus 'probing techniques' were an important tool for this study (McCracken, 1988). Probes allow for depth and comprehension of the data obtained, as interviewees may use and incorporate words and their understanding of ideas in different ways (Berry, 2002; Gray, 2007). The interviews were carried out by the first author and were primarily conducted face to face at company offices. Two interviews were carried out over phone. The interviews lasted 90

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<sup>1</sup> IDA Ireland is the government agency in Ireland that is responsible for promoting and attracting FDI activities.

<sup>2</sup> Subsidiaries were given pseudonyms to provide anonymity.

minutes on average. Interviews were all recorded and transcribed verbatim to ensure data cleaning (Saunders et al. 2009). Most respondents were chosen according to ‘purposive sampling’ (Lincoln & Guba, 1985) and obtained global roles, which added depth to the subsidiary candidates’ understanding of what CHQ valued. An interview was also undertaken with a single representative from IDA Ireland, who was identified by a number of subsidiaries as a key mediator in the CHQ-subsidary relationship.

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Interpretation of the qualitative interview data was an iterative concurrent process of constant comparison between data analysis and data collection over time. This recursive interplay between rich data and emerging conceptual insights, that are related to existing theories, facilitated the creation of new theoretical ideas (Doz, 2011; Eisenhardt & Graebner, 2007). Upon consulting the literature, this research process was viewed as transitioning from an inductive to an ‘abductive’ fashion in that data and existing theory were juxtaposed in tandem (Edmondson & McManus, 2007; Gioia et al. 2013; Van Maanen et al. 2007). Therefore, instead of sticking rigorously to the theory we initially reviewed, we consulted and introduced new theory based on the formation of the problems we encountered in the data. As Van Maanen suggests good theory comes from “engagement with problems” in the empirical world “but in the service of theorizing” (2007: 1149). This process signified a constant dialogue between the researcher and the emerging theory resulting in theoretical ideas being continuously refined as the analysis progressed (Dubois & Gadde, 2002). Our approach here closely resembles ‘matching’ or ‘fitting’ of data with theory that has been applied in other abductive studies (Figueira De-Lemos & Hadjikhani, 2014). Questions revolved around the subsidiary’s sources of legitimacy identified in the literature review, hence focusing on the way subsidiaries sold issues to CHQ, who sold these issues, how their relationships with other subsidiaries and local institutional actors affected this process. Given the importance of these issues, they were approached from different vantage points throughout the interviews. Responses were coded according to the conventions of template analysis where the researcher produced a list of codes representing themes identified in the contextual data (King, 2004). The data were then coded against this template with new codes being added and *a priori* codes being progressively redefined as the recursive process progressed.

Drawing on qualitative analysis techniques, the modification and evolution of this template proceeded along three distinct paths (Gioia et al. 2013; Pratt, 2009; Saunders et al. 2009). Firstly, each interview was transcribed and large portions of data were effectively ‘summarised’ into key words. This was done initially for individual interviews in each case, then across interviews in each case and subsequently across cases. In these initial stages, often termed ‘open coding’, a multitude of ‘first order codes’ were derived from the language informants used. Repeatedly listening to, reading, rereading and interpreting the transcripts to identify relations among these first order concepts ensured faithful adherence to the response terms. Secondly, ‘categorising’, where categories were developed alongside the data in order to recognise relationships, themes and patterns between other potential categories produced ‘second order codes’ (Saunders et al. 2009). These categories were derived from terms that emerged from the data, terms used by participants and terms derived from existing literature (Corbin & Strauss, 2008). These categories were internally meaningful to the data while also being externally meaningful to other categories (Saunders et al. 2009). In this regard, theoretical sampling was used to help scrutinise the data for convergent concepts or quotes and their relationships with first order codes. Several overlapping categories were merged, grounded in theoretical language and related to what the theory was saying. Particular attention was given to the themes that ‘leaped out’ due to their relevance to the existing literature (Corbin & Strauss, 2008).

Thirdly, as the research reached a mature point, a process of ‘unitising’ was carried out, where relevant chunks of the data, in the form of rich quotes, were attached to these categories (Saunders et al. 2009). Constant comparison techniques were used to establish category commonalities and validate whether a theme was indeed a reportable finding. In this final stage, first and second order codes derived from the data, existing literature and emerging themes, were compared with what is known about legitimacy from previous research (Bitektine, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002; Zott & Huy, 2007). After each interview these themes were adapted incrementally, based on new information provided, and subsequently discussed with the next interviewee for validation and additional comment (Eisenhardt, 1989). In keeping with other work on legitimacy (Ahlstrom et al. 2008), this study reviewed interview transcripts and notes carefully and meticulously until a defined group of subsidiary legitimacy dimensions that represented and summarised the data were identified. This form of selective coding resulted in aggregate dimensions or principal categories with an emphasis on recognising and developing an explanatory theory.

For example, one subsidiary manager stated, “one of my colleagues got a university lecturer to do a talent management master-class”, while another stated, “if you want to impress the head office managers over there then you need a nice big rubber stamp with a big name that they all know...that will really turn them [CHQ] on”. We coded these statements as ‘representation from the local environment’ when selling issues which ultimately resulted in the grouping of these codes under the aggregate dimension of ‘linkage legitimacy’. This whole selective process was executed manually and guided meticulously by the research question and a number of ‘structural signals’ (Dabos & Rousseau, 2004) or ‘synthesising concepts’ (Blumer, 1954) from the literature on subsidiary issue selling and legitimacy. Table 3 represents this categorical coding process in more depth.

Credibility of qualitative research is based on construct validity, internal validity, external validity, and reliability (Cook & Campbell, 1979; Silverman, 2006). Construct validity was adhered to in the data collection phase by developing a detailed and comprehensive literature review, culminating in a coherent conceptualisation of the main research constructs, while allowing a clear chain of evidence for the reader in reconstructing the research process (Gibbert et al. 2008). Internal validity was established through ‘constant comparison’ techniques of within and cross-case analysis along with ‘pattern matching’ between relationships in current data and the previous literature (Eisenhardt, 1989). Adherence to external validity was achieved in the form of analytical generalisation (Eisenhardt, 1989) by providing a clear rationale for the case study selection and a reasoned appreciation for sampling choices (Cook & Campbell, 1979). Reliability allows for replication of the study and it was ensured through recording all face-to-face interviews, carefully transcribing these tapes verbatim as well as presenting accurate extracts of data in the findings section (Gibbert et al. 2008).

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#### **4. Findings**

Upon detailing responses from subsidiaries, it became clear that three of the four subsidiaries developed similar philosophies around the question, “how do we get more recognition for what we are doing well?” (Plant Manager HEALTHCO). There was general recognition among respondents that their subsidiaries were geographically isolated from CHQ. Respondents in these subsidiaries believed that it was important to start “selling the plant more, selling its



achievements and making sure that awareness is out there” as CHQ cannot “see outside the [home] country and they do not understand” (Manufacturing Engineering Manager MEDCO). Hence, CHEMCO, MEDCO and HEALTHCO were all active sellers, albeit to varying degrees, within their respective MNEs. There was evidence of success in the form of positive CHQ attention in this regard through investment extensions. For example, MEDCO received a recent investment of over €7 million from its CHQ to build a customer innovation centre. At HEALTHCO, the subsidiary recently acquired a 50% extension to their plant, worth over €100 million. CHEMCO recently built a new EU office facility worth €20 million in Ireland. PHARMCO initially received €25 million for the development of collaborative R&D projects across the MNE, however, after the interviewing process was carried out this funding was retracted by the CHQ, which ultimately resulted in a loss of R&D functionality to the PHARMCO subsidiary. The following sections detail the specific forms of legitimacy that these subsidiaries drew upon to attract positive CHQ attention and ultimately minimise negative CHQ attention.

#### *4.1 Attracting Supportive Attention through Personal Legitimacy*

Subsidiary respondents were keenly aware of the effects that the personal legitimacy of key individuals had on attracting positive CHQ attention. PHARMCO and CHEMCO relied on selling issues through the personal legitimacy of key individuals who had global roles operating out of the subsidiary. This provided them with external “branches of influence”. The inherent external reporting lines associated with these roles provided exposure to avenues of engagement with executives at CHQ. CHEMCO had developed global roles that obliged external reporting lines to CHQ, but their issue selling was largely channelled through a single source in the form of their direct informal relationship with the CEO. As the VP of Regulatory Affairs at CHEMCO acknowledged “we all have our channels of influence in terms of through R&D, operations etc. but essentially our CEO or anyone who influences him we need to be connected to”. For example, CHEMCO’s Plant Manager illustrated how he used his personal legitimacy in this capacity saying;

One of the things that I do a lot with our CEO is that I constantly have the antenna up in here in Europe...I have never had corporate refuse to look at something that I would have recommended

(VP of European Operations CHEMCO).

The Senior QA Director at PHARMCO remarked that he has regularly been assigned to help integrate acquisitions across the MNE and felt that this role could help him create more support from CHQ stating, “the more people you have in higher positions the more influence you can have”. Despite this example, we found little evidence to suggest that PHARMCO had attempted to leverage the personal legitimacy of key individual sellers to any great degree. CHEMCO were only beginning to acknowledge the value of this approach as they were going through a growth period taking on further global roles and investment. Appositely, instead of relying solely on personal legitimacy of those in global roles in the subsidiary HEALTHCO and MEDCO focused on what appears to be a more advanced approach. To a degree these subsidiaries have co-opted the MNE with individuals who have migrated to the CHQ, selling issues based on their personal legitimacy. “Having a couple of friends in corporate” (Plant Manager HEALTHCO) was central to HEALTHCO & MEDCO’s selling approaches. Individual sellers essentially acted as legitimacy brokers, who legitimised key issues at CHQ on behalf of the subsidiary. The two corporate representatives we interviewed at these subsidiaries were both former subsidiary managers now operating out of the CHQ. As the Plant Manager at HEALTHCO explained, “the Global Director of Engineering came from [Ireland] too, and the Vice President for overall R&D came from here so we have been able to populate the corporation’s structure”. This manager described an example of when they lost functional expertise and how this has changed due to having individuals with more personal legitimacy;

We probably had the wrong person leading that function, they were not capable of having the credibility and potential competency to win more of that functionality, that has changed; now we have people who are considered very capable, so we are all of a sudden now discussing whether there is European roles that we could locate in [the subsidiary].

Respondents at MEDCO believed their CHQ did not assess issues based on the subsidiary itself but instead more specifically “they [CHQ] give things to the person” (HR Manager). The Senior HR Manager at MEDCO explained how he used his own personal legitimacy through his constant “willingness to do a bit of work” and as a result “your name gets out there as somebody who might have an interest in the subject matter or has something to say or might do a bit of work on the project, which often I find is the leading influence as to whether you will be on the project or not”. MEDCO respondents added that they had become “talent exporters” and that they too had “populated” the corporate structure with individuals who were

now operating out of CHQ and were able to discreetly “push the subsidiary’s agenda” (Senior HR Manager MEDCO). The quote below highlights this point;

When corporate has looked for new leaders, the best people have probably come from [the subsidiary], the former head of [the subsidiary] would have taken the next job up in the corporation and he would have taken the next job up again and the next job after that and his predecessor would have kept following him ... it is a huge advantage to us, that person knows us well, knows our capability, and can speak for us as he is coming from a position of knowledge when they are considering our site. When we are three thousand miles away that is important to have somebody who knows our capability and can influence at that level who knows what our strengths are and what our aims are

(Senior HR Manager MEDCO).

The corporate representative at HEALTHCO added (VP of R&D);

The Irish contacts have helped. Up until seven or eight years ago we did not move people around like they are now and I was certainly the first to move around going to the U.S...the credibility is critical, without that credibility and some level of sponsorship from corporate; decisions will not go their way.

Respondents at HEALTHCO reinforced the significance of individual sellers by emphasising the importance of “walking the corporate corridors” and the risks of “being out of sight out of mind” at corporate (Global Marketing Manager HEALTHCO) as it allows for hearing what happens on the “corporate grapevine” (HR Manager MEDCO). The IDA Ireland Manager added, “for us trying to win business we are always trying to find Irish connections in any company, it is huge”. However, the corporate respondent at MEDCO, who is Irish, highlights the risks involved in populating the corporate structure by stating, “you cannot be seen to be wearing the green jersey<sup>3</sup> all the time and I would never push to bring a product in to [the subsidiary] that does not make sense”. These risks are outlined further in the section on negative attention.

The preceding section illustrates that the personal legitimacy of key individuals at the subsidiary can be an effective tool to draw upon when selling issues. This may be done through advanced approaches of populating the CHQ with individuals who will push the subsidiary’s

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<sup>3</sup> This is a colloquial term referring to representing the Irish cause.

agenda or basic means of leveraging external reporting roles residing out of the subsidiary. Table 4 presents some ‘power quotes’ (Corley & Gioia, 2004) or ‘proof quotes’ (Pratt, 2008) on how the personal legitimacy of key individuals at the subsidiary was used to direct CHQ supportive attention to critical issues.

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#### *4.2 Attracting Relative Attention through Consequential Legitimacy*

Despite the fact internal collaboration between subsidiaries was promoted by CHQ in all four cases, subsidiaries realised that they were ultimately competing for relative attention with peer subsidiaries and felt obliged to partake in issue selling. When selling issues these subsidiaries alluded to coopetition activities where competitive moves of establishing bases of comparison with other peer subsidiaries and collaborative moves of transferring best practices internally were used. This philosophy is reflected in the following responses; “making the playing field more advantageous” (Global Marketing Manager HEALTHCO) by emphasising “things to make us stand out internally” (Engineering Manager PHARMCO) may promote “healthy internal competition” (VP of Global Vascular Operations MEDCO). Subsidiary respondents believed that when selling issues *vis-à-vis* peer sites they needed to reinforce their track record by referring to their capabilities and achievements. PHARMCO had a very competitive internal culture in that subsidiaries were assessed in a league system based on key process indicators (KPIs). They highlighted that “you cannot be down at the bottom for too long” (R&D Sustaining Manager). HEALTHCO’s Plant Manager alluded to the way their subsidiary managed the fallout when “things go wrong” and that their peers tended to have adverse financial surprises over the years. MEDCO respondents reiterated this point stating, “from some initiatives some plants would say they have certain things done but when you get down deep they do not have it done at all so there can be an element of talking it up...for example the plant in the U.S. has had FDA [(The U.S.) Food and Drug Administration] issues so they are unlikely to get a new product” (Manufacturing Engineering Manager MEDCO).

Respondents emphasised that the actual achievement of a consistent track record was important but the way in which subsidiaries created a narrative around this consistency was more significant. HEALTHCO respondents believed that “hammering home” their achievements to

CHQ and “telling a story” around these achievements when CHQ visited the subsidiary was key (Plant Manager). Respondents maintained that, “it is all about creating a solid reputation that you can achieve and you are successful and selling that back to the parent company so that you can bring that and show your successes” (Manufacturing Engineering Manager MEDCO). Subsidiary respondents believed that articulating and promoting this as a clear and consistent message to CHQ over time allowed them to control the image of their subsidiary as positive and reinforcing relative to peers. For example, “you want them [CHQ] to say this is what they have done in the past, they have always brought it in on time, they have always brought it in on budget, taken cost out of it and they have always produced a very good product” (R&D Sustaining Manager PHARMCO). The Senior Manufacturing Director at MEDCO added, “we always refer to our achievements and we communicate them back to HQ...we do not sell ourselves as a low cost site, we say bring your worst problem here and we will fix it for you”.

Best practice sharing allowed subsidiaries to draw on consequential legitimacy when selling issues, and MEDCO in particular positioned itself as a forerunner in establishing and sharing best practices. MEDCO shared practices with other subsidiaries in a way that they were ‘seen’ by corporate to be ‘taking the lead’ which helped when drawing attention to issues. The following quotes are illustrative;

Trying to be at the forefront to bring change and then be a benchmark for other plants to come and see what we can do. All of this supports when decisions are being made where [CHQ] are going to invest the next project in

(Manufacturing Engineering Manager MEDCO).

The competitive idea would be for people to come up with that great idea first and then be competitive and share it

(Plant Manager PHARMCO).

The Senior HR Manager at MEDCO described the importance of being a best practice exporter, but indicated that they are “not afraid to steal with pride”. An important extension to this argument was the fact that MEDCO in particular had achieved a status of becoming an “initiative exporter” (Senior HR Manager MEDCO). The Manufacturing Engineering Manager at MEDCO gives an example of an issue relating to cultural diversity that they led;

We got a national award for it [a diversity programme] and then this diversity inclusion came on board and obviously it was discussed at a bigger window and the idea became how can we expand that out a little bit more to incorporate the whole. Now our company is very much focused in markets in the Asian development countries like China and India so being culturally diverse is important, especially if you want to bring products into those markets so that you are incorporating the needs of the country.

Subsidiaries furthermore developed RKT activities. For instance, CHEMCO respondents described an instance where they had developed a best practice in accounting and how they leveraged this to attract relative attention to future issues. The Director of Engineering at CHEMCO notes;

When I joined here most of the technology transfer was coming from the U.S. to here. What the team and I have succeeded in doing is that we have reversed that trend so now we are becoming the experts and the guys in the U.S. are coming to us and asking us for direction and guidance and the flow has shifted in that there is more coming from Ireland across to the U.S. now.

Interestingly, respondents in CHEMCO went on to explain that they had been strategically targeting an issue that their CHQ did not know much about so that they could promote the subsidiary's achievement and eventually share their knowledge with CHQ (see Table 5). As the PHARMCO Plant Manager added, "we talk about if the company is big into diversity or employee development so we would want to make sure that we hit on those points to show how this site is supporting the overall strategy". Ultimately, HEALTHCO and MEDCO were more strategic in their relative selling approaches. CHEMCO were starting to develop more advanced approaches and although PHARMCO respondents acknowledged the importance of relative selling, they did not actively participate in this to the same degree as other subsidiaries. Table 5 presents additional supporting quotations on how subsidiaries used their consequential legitimacy to direct CHQ relative attention to key issues.

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#### *4.3 Attracting Visible Attention through Linkage Legitimacy*

The legitimate linkages that subsidiaries enjoyed in their local environment revolved around the structure of the local medical devices cluster and the specific industry itself. This local context facilitated the subsidiaries in attracting visible attention from CHQ. Intense collaboration and interaction in the local environment has created “a very tight network, between multinationals, indigenous companies who are supporting us, between multinationals and academia, with the government” (VP of Global Vascular Operations MEDCO). As the VP of European Operations at CHEMCO states, “the corporation see Ireland as being pro-business, see the management team as being connected to that pro-business network and that is what you have to keep going”

Subsidiary respondents identified political endorsements as one of the main sources of linkage legitimacy for directing CHQ visible attention to important issues. Respondents referred to the impact of their relationship with certain political figures and how they had used this to their advantage. They cited an example of the opening of a new facility and how they managed to use their political connections in order to “stroke the corporate ego” (VP European Operations CHEMCO) by having the Irish Taoiseach (Prime Minister) open the facility. As noted by the Director of Engineering at CHEMCO, “when you talk to some of corporate that were over here they equate that to meeting [The U.S. President], so that is how huge it is, that is how big they see it, so the likes of [Ireland’s Prime Minister] coming down here, opening the facility spending time with the owner, that is very important”. This view was reinforced by the HR Manager at MEDCO, “for someone that is the President of a company and for him to meet what he calls the President of a country...it is a nice one”. HEALTHCO respondents also pointed to the example where the Irish Prime Minister had visited the CHQ in the U.S to thank them for investing more in the subsidiary and the impact this had. The following quote illustrates the extent to which these connections can be used to legitimate issues;

It is a massive deal. There is a new CEO appointed in the last year so we have invited him over a lot. Previously to him we had his boss over and the board of directors, we would get the [Prime Minister] down, we opened the new road from Shannon to Gort, got that open for them so this is a very big deal for them and it is seen as a massive opportunity. The road was two weeks away from being open but they just got [police] escort at the time. This is a symbol of what we will do to get [CHQ] here

(HR Manager MEDCO).

Subsidiary respondents also cited examples where IDA Ireland provided a nimble link to CHQ that other subsidiaries internally in the MNE did not appear to have ready access to. For example, PHARMCO's R&D Sustaining Manager was positive about the advantages IDA Ireland had provided to their site especially in terms of "packing a punch" with corporate officials in that, "they go out and have been to our corporate offices and meet key people within the organisation on a regular basis". HEALTHCO's corporate contact added, "when you have a state authority like that getting in behind you and supporting you, you can cut through barriers that may arise".

This perspective was reinforced by the interviewee from IDA Ireland who stated;

How we sell and market to new companies for example is that we bring them around and show them other companies that are here...IDA Ireland also help get companies a voice at senior government.

(Manager IDA Ireland).

HEALTHCO aligned an issue they were trying to sell to CHQ with a reputable consulting firm where the Director of Strategic Planning & Infrastructure stated, "if you want to impress the head office managers over there then you need a nice big rubber stamp with a big name that they all know, Deloitte or CapGemini and that will really turn them on". MEDCO and HEALTHCO in particular cited specific examples where they had used linkages to universities to help sell issues to CHQ. In HEALTHCO, the New Product Development Manager revealed that they design particular issues and products in conjunction with design schools and subsequently sell these links internally. The HR Manager in MEDCO emphasised to CHQ that their issues were aligned with "academic research" and cited a particular example when they sought help from a globally renowned university Professor to present on talent management, an issue they knew their new CEO was "hot on";

For example, one of my colleagues got a university lecturer to do a talent management master-class and that definitely promoted his reputation up the ranks because he is adding a lot more value than someone who is sitting there [passively].

Interestingly, PHARMCO's Plant Manager, a U.S. Expatriate, acknowledged how the subsidiary's interaction with local universities is perceived from a U.S. managerial standpoint stating;



We would definitely interact with local institutions typically more so here than in the U.S....having a number of educational institutions around makes the company very aware of that and that is probably one of the reasons why there was such a focus here.

The response from MEDCO's CHQ representative below reinforces this belief;

Corporate, by any distance, they would not have that same level of connection and I have heard it commented on, 'it is great that you guys can have access to government...So do corporate recognise it? Yes. Are they impressed by it? Absolutely yes

(VP of Global Vascular Operations MEDCO).

These responses illustrate that the linkage legitimacy subsidiaries receive from connections in their local environment can help in directing CHQ visible attention to key issues. Table 6 presents a summary of relevant reinforcing quotations. In the next section, we consider the implications of attracting negative CHQ attention.

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#### *4.4 Managing Negative CHQ Attention*

When selling issues to CHQ, it became clear that some subsidiaries occasionally struggled with the boundaries of when to stop or hold back, as they wrestled with understanding what constituted overselling and how this could result in negative CHQ attention. Both HEALTHCO and MEDCO have attracted varying degrees of negative attention from CHQ as they have oversold issues, taking on too much investment and subsequently failing to deliver on 'unrealistic expectations' from CHQ. As HEALTHCO's Global Marketing Manager noted, "if you are winning loads of investment then people look positively on you as a plant but the negatives of that are that you have to deliver on it". The corporate respondent at HEALTHCO (VP of R&D) reinforced these concerns by stating;

We [CHQ] have introduced new products and they [the subsidiary] have struggled, and have had a severe challenge in keeping up with the demand and that is tarnishing their credibility. They need to get on top of it and they need to put it right otherwise people will be reluctant to make significant future

investments...The problem is there is so much going on there...and they are just struggling right now.

Respondents at CHEMCO also alluded to their latest corporate investment and the fact it was so high profile that it may put pressure on them to deliver on unrealistic expectations from CHQ. Unlike the situation at HEALTHCO, they have yet to reach a point where their results are producing negative effects. Hence, CHEMCO's rapid success is likely to bring negative attention if not managed effectively and the R&D Manager acknowledges this risk;

You walk in and you see the building here with \$20 million invested...somebody has to pay the mortgage on it, by virtue of the fact that we are here...We have invested in a lot of equipment and a lot of people so the expectation is that we perform and we asked for it so we got it.

In relation to personal legitimacy, HEALTHCO respondents in particular pointed to examples where they have "overpopulated" the CHQ with subsidiary individuals and consequently experienced resentment and negative attention from CHQ. HEALTHCO in particular appear to have become extremely forceful in their selling approaches, which has affected their legitimacy. HEALTHCO's Plant Manager, for example, was forceful in promoting what he called "covert ways of making the plant more attractive" by attempting to deploy those subsidiary individuals with higher perceived personal legitimacy in key areas that would allow them to interact regularly with CHQ officials and build more support. This covert behaviour appears to have resulted in negative attention from CHQ in the form of an inpatriation<sup>4</sup> assignment for this particular subsidiary manager. Since the current study ended, HEALTHCO's Plant Manager has been relocated to the CHQ and has been replaced with an expatriate from CHQ. The IDA Ireland Manager reinforced the effect this may have on the HEALTHCO subsidiary by stating; "it is a huge loss...it is worrying for us when we see a company like [HEALTHCO] has now got an American person who is running the Irish operation".

The more experienced managers in HEALTHCO (tenure wise) appeared accustomed to acting without CHQ's knowledge in an attempt to avoid CHQ dismissing certain issues, as they believe "dealing with head office at times can be difficult...sometimes they are too restrictive

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<sup>4</sup> Inpatriation involves the transfer of a subsidiary employee to the CHQ on temporary or permanent basis (see Collings et al. 2010 for a discussion).

on what you can do so you have to find ways around that” (Director of Strategic Planning & Infrastructure HEALTHCO). This has resulted in negative attention however. For example, upon discovering the acquisition of new machinery at the HEALTHCO subsidiary without their consent, CHQ reacted negatively and “changed reporting lines” in order to limit the plants activities. One manager highlights that there were “serious confrontations between this side of the Atlantic and the parent company...so they now began to get their own back on us” (Director of Strategic Planning & Infrastructure HEALTHCO). Hence, HEALTHCO’s legitimacy has been significantly affected, as they have been overly aggressive in their selling techniques and have failed to reach CHQ expectations.

Respondents at MEDCO expressed similar concerns but appear to have managed potential negative CHQ attention more effectively. The Director of R&D believed that “once you build a good reputation it is important that you do not keep talking about yourself all the time, as being greedy can be a destructive strategy”. Respondents were conscious that they were resented internally owing to their perceived over selling, asserting, “there definitely is resentment from some sites where we have taken their business...I felt it at a personal level...they were resentful of Irish people in general because they saw us as responsible for the demise of their manufacturing site” resulting in “a lot of bad blood between subsidiaries internally” (HR Manager MEDCO). In contrast, PHARMCO respondents believed that they needed to get more involved in selling issues at CHQ, as they felt they were not effective enough at selling internally and hence never captured any real positive attention. Interestingly for PHARMCO, corporate visits represented “uncomfortable attention” (Plant Manager PHARMCO) as it is “very difficult to attract executives to the subsidiary unless there is a big problem” (R&D Sustaining Manager). Tellingly, after this study concluded, PHARMCO suffered from the removal of an R&D investment by CHQ, signalling negative attention. The Senior QA Manager at PHARMCO believed that “we are not great at promoting ourselves”, whereas the Engineering Manager stated that it was difficult to get CHQ to see the subsidiary’s perspective and “trying to force that agenda does not really work”. These comments illustrate that PHARMCO are content to remain isolated from CHQ. The quote below reinforces these views;

We did not get a lot of attention last year but that is a good thing...as you are going to get a lot of attention if things are not going well, if you are not hitting your targets or there are quality problems well then you are going to get an awful lot of uncomfortable attention

(Plant Manager PHARMCO).

The IDA Ireland Manager sums up the tentative nature of potentially attracting negative attention by stating that subsidiary managers “have to be so careful and politically astute within their organisations that they do not overly promote Ireland every single time...you cannot be seen as being too parochial”.

The above findings illustrate how negative CHQ attention can result in unrealistic expectations or demands from CHQ, inpatriation assignments, changed reporting lines, resentment and scepticism or mandate removal for subsidiaries being key examples. Overall, these findings illustrate how subsidiaries take an active interest in the amount of internal selling they convey to CHQ and the way their different forms of legitimacy attract specific types of attention.

## **5. Discussion & conclusion**

The main contribution of this research is in illustrating how subsidiary issue selling draws on different forms of legitimacy to capture specific types of positive CHQ attention while attempting to limit or minimise negative CHQ attention. We develop the attention-based view of the MNE (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008a; Bouquet et al. 2015) by drawing on two distinct but interrelated fields of work that have not previously been integrated, namely; subsidiary issue selling (Dutton & Ashford, 1993; Ling et al. 2005) and organisational legitimacy (Bitektine, 2011; Suchman, 1995; Zimmerman & Zeitz, 2002; Zott & Huy, 2007). We identify specific forms of subsidiary legitimacy and explicate how each of these attracts positive CHQ attention, in the form of personal legitimacy of key individuals at the subsidiary (supportive attention), consequential legitimacy vis-à-vis peer subsidiaries (relative attention) and linkage legitimacy from the subsidiary's local environment (visible attention). Furthermore, our research provides empirical insights on negative CHQ attention by illustrating that subsidiaries, which did not align their issue-selling endeavours with particular forms of legitimacy, ultimately attracted negative attention from CHQ. These arguments extend our understanding of the CHQ-subsidiary relationship by illuminating how subsidiary legitimacy can be used to balance the double-edged sword of positive and negative CHQ attention. Ultimately our findings add insight to three different strands of literature; issue selling, legitimacy, and attention, all of which are detailed in the below subsections.

### *5.1 Subsidiary Issue-Selling Roles*

We have identified four particular types of subsidiary issue-selling roles, and have categorised these as; passive citizens, corporate aggressors, budding stars and attention champions. Two dimensions define the issue-selling roles; the level of legitimacy the subsidiary possesses and the amount of attention the subsidiary receives. High attention can be either positive or negative while low attention equates to indifference or isolation from CHQ. To demonstrate this, we look to our examination of PHARMCO, HEALTHCO, CHEMCO, and MEDCO. Figure 1 presents a typology of these roles and demonstrates how subsidiaries may use their legitimacy to attract CHQ attention to key issues.

PHARMCO is an example of a ‘passive citizen’ with no explicit selling strategy. As a result, they incur low legitimacy and therefore receive limited or no attention, either positive or negative from CHQ. Subsidiaries that adhere to this role are content with indifference or isolation from CHQ as they are apprehensive of an attempt to sell too much, fearing negative attention that it may generate. HEALTHCO, on the other hand, fit the categorisation of a ‘corporate aggressor’. These subsidiaries are forceful sellers and frequently oversell to CHQ, often acting in covert ways. Respondents argued that it was better to force the corporate agenda and subsequently ‘seek forgiveness rather than permission’. As a result, corporate aggressors receive significant CHQ attention, most of which is negative due to CHQ’s perception of illegitimate selling behaviour.

CHEMCO is illustrative of a ‘budding star’, at an early stage of development. Budding stars maintain a medium to high degree of legitimacy but are not equally matched in regards to attention. However, budding star subsidiaries are often characterised by entering a growth phase. As the subsidiary enters a period of growth, they have the potential to cultivate further positive attention. Conversely, these roles are often the most precarious. As budding stars attempt to sell more they risk attracting negative attention by becoming illegitimate corporate aggressors. CHEMCO, for example, is in a growth phase, and would benefit from a measured selling approach, as opposed to HEALTHCO, which oversold issues. However, if CHEMCO continue to sell issues commensurate to their legitimacy they may attract further positive attention and become attention champions over time.

Finally, MEDCO is illustrative of an ‘attention champion’ as the subsidiary has a high degree of legitimacy and attracts mostly high levels of positive CHQ attention. Attention champions rely heavily on their legitimacy when selling issues. Further, they understand what issues to

sell, when to sell them, how to sell them and who to target. These subsidiaries may occasionally attract negative attention, but learn how to overcome or avoid further negative interactions. Ultimately, attention champions manage to balance the double-edged sword of negative and positive CHQ attention over time.

----- > INSERT FIGURE 1 HERE < -----

### *5.2 Subsidiary Legitimacy in Issue Selling*

This study contributes to current thinking on how legitimacy is actively managed in the MNE. Despite the fact that legitimacy has been highlighted as a critical factor in the attainment of valuable resources, and even survival over time, studies have failed to apply these understandings at the subsidiary level. We address Kostova et al's (2008) call for a nuanced understanding of how legitimacy is garnered and leveraged, particularly through political interactions at the CHQ-subsidiary interface. We found that issues that draw on the personal legitimacy of key individuals at the subsidiary gain supportive attention from CHQ. Subsidiary behaviour in this regard was consistent with arguments that a manager's willingness to endeavour difficult projects other managers will not endure can gain supportive attention (Barsoux & Bouquet, 2013). An interesting finding from our study is that subsidiaries deliberately seek to 'populate the CHQ', through 'talent exporting' strategies, attempt to position subsidiary individuals in key positions. They subsequently used the personal legitimacy of 'sellers', or what we call 'legitimacy brokers', to legitimise issues and push the subsidiary's agenda at CHQ. Hence, issues expressed by legitimate individuals with high levels of relational and strategic knowledge are likely to be considered more credible and may attract supportive attention from CHQ. We identify 'populating the corporate structure' with 'subsidiary champions' (Cantwell & Mudambi, 2005) as a specific issue-selling move that has not been explicitly considered previously. This builds on Bouquet & Birkinshaw's (2008b) theorisation on the 'cooptation' of subsidiary 'elites' across the MNE or a 'reverse pollination' approach similar to Harzing's (2002) depiction of expatriates. This finding challenges the perspective that expatriates carry more weight in attracting CHQ attention than host country managers (Plourde et al. 2014). Ultimately, the success of subsidiary issue selling in the MNE is not based on subsidiary characteristics alone, but more specifically, the personal legitimacy

of subsidiary ‘sellers’ and the knowledge they have regarding the corporate agenda are key explanatory variables.

Our research also provides insights on how subsidiaries use consequential legitimacy to attract CHQ relative attention vis-à-vis peer subsidiaries (Becker-Ritterspach & Dorrenbacher 2011; Luo, 2005; Molloy & Delany, 1998). We show that intra-firm dynamics between subsidiaries within the MNE provide a context where subsidiaries can use consequential legitimacy to direct CHQ relative attention to critical issues. Subsidiary issue selling sought to establish a base of comparison with other internal units or share best practices with these peers in order to be seen as legitimate. When selling issues, subsidiaries placed value on optimising their distinctiveness vis-à-vis peer units. This involved transmission of a consistent message to CHQ regarding the issues being sold, the subsidiary’s track record and capabilities. Emphasis on a record of accomplishment may instil confidence that the subsidiary is a reliable and trustworthy actor within the MNE (Ambos et al. 2010; Bouquet & Birkinshaw, 2008b). MEDCO took the lead in sharing best practices across the MNE in the form of exporting initiatives, thus enhancing its issue-selling abilities by drawing on the resulting consequential legitimacy. Our study highlights how peer interactions, both competitive and collaborative, generate consequential legitimacy, which can be used to direct CHQ relative attention to key subsidiary issues.

Our findings advance the literature on subsidiary issue selling by demonstrating how subsidiaries trade on legitimate linkages of key institutional bodies in the local environment (Baum & Oliver, 1991; Bitekine, 2011; Suchman, 1995; Morgan & Kristensen, 2006; Zott & Huy, 2007). More specifically, subsidiaries in our study were highly involved in associating themselves with legitimate actors in the local environment and reinforcing linkages to direct CHQ visible attention to key issues. This builds on Tregaskis’ (2003) argument that the knowledge generated from the subsidiary’s local networks may be perceived by CHQ as more legitimate than intra-organisational linkages. However, we develop this perspective by demonstrating that these connections are of little relevance to the subsidiary unless the subsidiary is socially and politically adept in incorporating them into issue selling. We depict subsidiary issue-selling moves, such as coalition building and representation, which draw on legitimacy they receive from links to political endorsements, universities and IDA Ireland in particular as key. We therefore contribute to an advanced perspective of subsidiary issue selling by showing that the amount of positive attention a subsidiary issue receives is not based on the existence of these linkages alone. Rather, it depends on the capability of subsidiaries to surface and demonstrate these legitimate connections at CHQ. As Molloy & Delany argue, “political

skill in influencing the parent is essential” (1998: 33) but we add that this requires an ability to build legitimate relationships on an ongoing basis and subsequently leverage these, as they may be perceived more legitimate than first person accounts (Inman *et al.*, 2004).

### *5.3 Managing Positive and Negative CHQ Attention*

This study also enhances our understanding of the attention perspective of the MNE (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008a; Bouquet *et al.* 2015). We have detailed how subsidiary legitimacy contributes to attracting positive CHQ attention, which is generally characterised by CHQ value creating activities, such as increased investment, mandate extensions or promotions for subsidiary management. More importantly, our study provides insightful contributions to understanding negative CHQ attention. Despite calls for a greater consideration of what negative CHQ attention entails we know of little or no empirical work in this area (Bouquet & Birkinshaw, 2008a). Our findings illuminate the ‘dark side’ (Eden & Lenway, 2001) of CHQ attention, depicting it as a double-edged sword that could paradoxically disadvantage the subsidiary if it does not align its issue selling with the aforementioned forms of legitimacy. We define negative CHQ attention as direct or indirect interventions from CHQ that destroy value at the subsidiary level. Direct negative CHQ attention occurs when CHQ perceives the subsidiary as acting illegitimately and not in line with the overall strategic agenda. Direct negative attention from CHQ in our study includes changing reporting lines, inpatriation assignment of covert subsidiary managers, and in the extreme form, mandate removal.

Interestingly, we show that negative CHQ attention can indirectly suffocate the subsidiary by providing excessive support to successful subsidiaries. We believe that indirect negative attention is more nuanced and difficult for CHQ to identify or manage, as the CHQ suffers from certain attention biases (Bouquet *et al.* 2016). We argue that indirect negative attention essentially equates to too much attention from CHQ and resembles what Bouquet *et al.* (2015) call ‘hyperattention’. In our study, CHQ placed unrealistic expectations or demands on subsidiaries that had successfully gained investment, and when subsequent performance did not reach expected heights, the subsidiary’s legitimacy was affected. Indirect negative attention may therefore destroy value for successful subsidiaries even though the CHQ has good intentions in their attempt to add value and support the subsidiary. These arguments build on Bouquet *et al.*’s (2009) arguments by demonstrating that as CHQ devotes further international attention to successful subsidiaries, these executives develop a desire for additional information and overcommit themselves to certain issues thus suffocating those subsidiaries.



We illustrate that subsidiaries which did not use their legitimacy effectively suffered from too little CHQ attention, while those subsidiaries that oversold or were ‘politically naïve’ in selling issues attract negative attention from CHQ. We concur with Ashforth and Gibbs (1990), demonstrating that there can be a ‘double-edge’ to over promoting the success of an organisation, as subsidiaries that oversold issues were perceived by CHQ as self-serving in nature. Subsidiaries in this respect confronted a ‘self-promoters paradox’; the more the subsidiary sells certain issues the more suspicion the CHQ may develop (Ashforth & Gibbs, 1990). Therefore, attracting attention can be a dangerous game. Subsidiaries need to balance a healthy equilibrium of vigilant and proactive issue selling by drawing on different forms of legitimacy.

Managing CHQ attention is ultimately a dynamic process where subsidiaries need to learn through repeated interaction with key corporate executives (Howard-Greenville, 2007). A focus on quality and quantity of CHQ attention should be the key concern for subsidiaries, as opposed to garnering attention from CHQ in general. This is a point often overlooked in extant research in the area. Subsidiaries should not focus solely on selling issues internally, however, “there is a give and take so you have to know what battles to fight in, the ones you really believe in, and there are others you have to let go, you cannot win them all you have got to let them [CHQ] win some too” (Global Marketing Manager HEALTHCO). Legitimacy in particular may provide subsidiaries with a lens to consider the issues that are valued at CHQ and when it is wise to sell. Selling subsidiary issues through legitimacy may also ease the impossible burden on CHQ to identify, understand and process the vast array of diverse opportunities. This may be accomplished by placing the onus on the subsidiary to frame issues in such a way that CHQ will recognise promptly. International attention from the CHQ perspective can be cumbersome and exerts significant burdens on corporate executives, taking attention away from other strategic imperatives (Bouquet et al, 2009; Bouquet et al. 2015). We show that subsidiary actors believed their CHQ could not fully understand every issue at the subsidiary level and therefore they had to take deliberate steps to manage CHQ attention. Ultimately, if a subsidiary’s issues are not closely aligned with a set of legitimating forms specific to the subsidiary then they risk mismanaging the double-edge sword of CHQ attention.

In acknowledging several limitations of the current study we also suggest avenues for future research. Firstly, a case study approach may limit the generalisability of the study, however our

aim was not to generalise but to develop theory. The decision to focus the study on U.S. based subsidiaries was made for several reasons. From a positive perspective, a single host country design controls for major variations in institutional settings. These include national institutions, labour markets and university-firm linkages that are likely to have an important effect on the process and mechanisms through which knowledge travels (Frost, 2002). Employing a single FDI home country and a single host country helps control for the factors particular to the home and host countries (e.g. cultural political, social and economic factors). A further limitation in this regard is that the research was effectively carried out as a 'snapshot' (Saunders et al. 2009) of subsidiary issue selling for a certain period of time where the path dependent tendencies of the subsidiary's relationship with CHQ were not fully explored. Future studies should take a longitudinal perspective in order to shed light on how a subsidiary learns from its increased interactions with CHQ, and assess the evolution or pattern of its issue selling moves. A key question for future research involves how subsidiaries may effectively anticipate or even learn from negative CHQ attention. Alternatively, a key question from the CHQ perspective is how they may develop advanced formal communication or interaction mechanisms in order to enhance the attention given to critical subsidiary issues. Future research should consider the development of explicit attention capturing structures in CHQ, which may help identify and prioritise key issues early on without suffocating the subsidiary. In doing so, we believe that CHQ can increase its information processing capacity and its ability to determine the value of these issues at an early stage if they make a greater effort to learn about the distinctive aspects of their subsidiaries' local environment.

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**Table 1: Case Company Profiles**

<b>Cases</b>	<b>Est.</b>	<b>Plants Globally</b>	<b>Est. in Ireland</b>	<b>Subsidiary Employees</b>	<b>Subsidiary</b>	<b>Subsidiary 'Role'</b>	<b>Recent Mandate Extension</b>
<b>HEALTHCO</b>	1920	4	1970s Greenfield	450	Ostomy & Continence Care Manufacturing, R&D, Marketing	Regional Management Mandate for Catheters	Facility Expansion (2011) €65m 250 jobs
<b>MEDCO</b>	1940	250	1990s Acquisition	2,500	Cardio-Vacular Manufactur-ing, R&D	Regional Management Mandate for Catheters	Customer Innovation Centre (2011)
<b>CHEMCO</b>	1980	14	1990s Greenfield	440	Endoscopy Manufacturing, R&D, Shared-services	Regional Management Mandate for Guide- Wires	200 jobs Facility extension, R&D, €20m (2012)
<b>PHARMCO</b>	2000	350	2000s Spin-off	400	Ventilators & Monitors Manufacturing	Capital Equipment Manufacture	R&D Collaboration Projects €25m (2011)

<b>Table 2: Profiles of Interviewee Respondents</b>			
<b>Case 1: HEALTHCO</b>			
<b>Title</b>	<b>Joined</b>	<b>Past Experience</b>	<b>Education</b>
Plant Manager	2000	Business Unit/Site Director Operations Director	Degree in Industrial Engineering
Director of Strategic Planning and Infrastructure	1978	Mechanical Engineer, Plant Manager	Degree in Mechanical Engineering
Financial Controller	1993	Financial Controller	Degree in Accounting and Finance, Chartered Accountant
Research and Technology Development Manager	2010	Product Development Engineer, R&D Engineer, R&D Manager	Diploma Industrial Engineering, Degree Product Innovation, MBA
New Product Development Manager	2004	Product Development Manager, Senior Product Development Engineer	Degree Material Science, MBA
Global Marketing Manager	1999	Senior Product Development Manager, New Product Development Manager	Degree Mechanical Engineering, Masters Computational Fluid Mechanics, MBA
Vice President Research and Development	1997	VP for R&D	Degree in Commerce
<b>Case 2: MEDCO</b>			
Manufacturing Director	1997	Production Manager	N/A
Senior HR Program Manager	2004	HR Analyst and Rewards Program Manager, HR Analyst	Degree in Commerce, Masters HR
Senior Engineering Manager	N/A	N/A	N/A
Senior HR Manager	1999	Personnel Officer, Employee Relations Specialist, Rewards Manager	Degree and Masters in HR, Advanced certificate in Strategic HR

Senior Manufacturing Director	1986	Manufacturing Engineer, R&D Manager	N/A
R&D Director	1997	R&D Manager	Degree and Masters in Mechanical Engineering
Vice President Global Vascular Operations	1980s	Mechanical Engineer, Advanced Engineering Manager, Director of Operations	Degree in Manufacturing Technology, Masters in Management
Lean Sigma Master	2004	Senior HR Generalist	Degree and Masters in HR, Diploma in Business Coaching
<b>Case 3: CHEMCO</b>			
Director HR Europe	2008	HR Manager, Career Coach	Diploma in Management, Diploma in Business Coaching, Degree in Services Marketing
VP European Operations	1999	Quality Manager, Managing Director	Science Degree, Diploma in Quality Engineering
Director of Engineering	2000	Engineering Technician	Degree in Mechanical Engineering
Senior R&D Manager	2005	Technician, Manufacturing Engineer	Degree in Mechanical Engineering
Vice President International Finance	1997	Management Accountant, European Controller	MBS Banking & Finance, ACCA, Degree in Business
Vice President Regulatory Affairs	2011	Quality Assurance & Regulatory Affairs Manager, Director of Design Assurance	Degree in Mechanical Engineering, Masters in Operations and Quality Management
<b>Case 4: PHARMCO</b>			
Plant Manager	2008	Senior Director Manufacturing, Product Development Engineer	Degree in Bio-Mechanical Engineering, MBA
R&D Sustaining Manager	1996	Senior Software Engineer, Principal Design Engineer, Engineering Manager	Degree Electronic Engineering, Masters in Bio-Medical Science
Engineering Manager	1996	Vendor Assurance Manager, Supply Chain Manager, Vendor Engineer.	Degree in Manufacturing, Diploma in Mechanical Engineering
Financial Controller	2006	Senior Financial Accountant	Degree in Business, Chartered Accountant

Senior Quality Assurance (QA) Director	2007	Senior QA Manager, Director of QA	Degree in Microbiology, Masters in Biotechnology, Diploma Pharmaceutical Manufacturing Technology
Quality Manager	2007	Head of Quality Engineering & Validation	Degree in Chemistry, Masters in Quality
Vendor Engineer	2006	Vendor Engineer	Degree in Engineering
EMEA HR Director	N/A	Senior HR Manager, HR Director, HR Manager, HR Consultant	Degree in HR, Post Diploma and Masters in HR
IDA West Regional Business & Relationship Manager	2012	Regional Press PR Communications Executive, IDA Ireland West Region Executive	Masters in Rural & Urban Planning Development

**Table 3: Categorical Coding Process**

<b>1<sup>st</sup> Order themes (Summarising) Language used by Respondents</b>	<b>2<sup>nd</sup> Order themes (Categorising) Theoretical Terms</b>	<b>Aggregate Dimensions (Unitising) Themes</b>
<p><b>CHQ-Subsidiary Relationship</b></p> <p>“Somebody who has started here in operations is now a senior person in corporate and it is a huge advantage to us, that person knows us well, knows our capability, and can speak for us” (Senior HR Manager MEDCO).</p> <p>“We probably had the wrong person leading that function, they were not capable” (Plant Manager HEALTHCO).</p> <p>“One of the things that is very important is that promoting the new people in terms of the awareness from the broader group in headquarters” (VP of European Operations CHEMCO).</p>	<ul style="list-style-type: none"> <li>• ‘Cooptation’ and ‘Pollination’ of individual managers</li> <li>• Strategic and relational knowledge</li> <li>• Political and social skill</li> </ul>	<p><b>Personal legitimacy</b></p> <p>Drive, conviction, willingness, qualifications, significance of formal role</p>
<p><b>Peer Interactions</b></p> <p>“[CHQ] encourages best practice sharing so much that people are typically applauded for coming out and coming up with the great idea first” (Plant Manager PHARMCO).</p> <p>“Some plants are competitive and do well whereas others aren’t as competitive and they tend to loose certain product lines” (Corporate Representative PHARMCO).</p> <p>“...we do not sell ourselves as a low cost site” (Senior Manufacturing Director at MEDCO).</p>	<ul style="list-style-type: none"> <li>• Coopetition</li> <li>• Consistent and coherent story telling</li> <li>• Image Control</li> <li>• Initiative Exporting</li> </ul>	<p><b>Consequential legitimacy</b></p> <p>Evaluations of outcomes, activities, past performance accomplishments</p>
<p><b>Local Environment</b></p> <p>“Without the IDA’s support I would question whether a lot of this [investment] would have gone on” (Corporate Representative MEDCO).</p> <p>“When you talk to some of corporate that were over here they equate that to meeting [The U.S. President], so that is how huge it is ... so the likes of [Ireland’s Prime Minister] coming down here” (Director of Engineering at CHEMCO).</p> <p>“Political endorsements like this are massive so for example our Taoiseach would have met our current leader at a conference already” (HR Manager MEDCO).</p>	<ul style="list-style-type: none"> <li>• Representation &amp; coalition building</li> <li>• Political endorsements</li> <li>• Stroking the corporate ego</li> </ul>	<p><b>Linkage legitimacy</b></p> <p>Trading on the reputation of partners, character references, stakeholders, endorsements or institutions</p>
<p>“We want to hold this group strategically together so therefore they went back and gave us more funding” (VP Director Manufacturing MEDCO)</p> <p>“...the flow has shifted in that there is more coming from Ireland across to the U.S. now” (Director of Engineering CHEMCO)</p> <p>“We recently got approval to build a customer innovation centre” (HR Manager MEDCO).</p>	<ul style="list-style-type: none"> <li>• Increased CHQ investment</li> <li>• Reverse knowledge transfer</li> <li>• Promotion of subsidiary managers to CHQ</li> </ul>	<p><b>Positive Attention</b></p> <p>CHQ Recognises and gives credit</p> <p>Value creating activities</p>
<p>“They don’t like us too much because we took their jobs” (HR Manager MEDCO).</p> <p>“We have been a victims of our own success and there is too many things coming at us” (Plant Manager HEALTHCO).</p>	<ul style="list-style-type: none"> <li>• Changing reporting lines</li> </ul>	<p><b>Negative Attention</b></p>

<p>“There was a change in reporting relationships, a guy in the US took over all the manufacturing plants worldwide” (Director of Strategic Planning and Infrastructure HEALTHCO).</p> <p>“Unfortunately those projects were cancelled just a couple of weeks ago and we let 18 people go” (R&amp;D Sustaining Manager PHARMCO)</p>	<ul style="list-style-type: none"> <li>• Unrealistic expectations or demands</li> <li>• Inpatriation relocation</li> <li>• Mandate removal</li> </ul>	<p>Increased CHQ Intervention Value destroying activities</p>
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**Table 4: Personal Legitimacy**

<p>“It is vital because the heart of the decision making process happens outside of the plants, key decisions do not get taken at plant level in general. To be honest my main reason for taking the role in the U.S. is to try and influence that little bit more and try and get greater visibility</p> <p>(Senior QA Manager PHARMCO).</p>
<p>“Promoting the new people in terms of the awareness from the broader group [CHQ] that there are more people in R&amp;D here so getting the guys to travel to [CHQ] and getting them to meet their peers and the senior people over there”</p> <p>(Plant Manager CHEMCO).</p>
<p>“It has gone much better than I would have ever hoped...the Global Director of Engineering came from here too, and the vice president for overall R&amp;D came from here so we have been able to populate the corporation’s structure”</p> <p>(Plant Manager HEALTHCO).</p>
<p>“A lot of the leaders in [the subsidiary] have progressed up the ranks. So the head of Global Manufacturing has come from [the subsidiary] so that is a help because you are represented in a lot of those boards...that is the unwritten rule so its not spoken about but it’s the unwritten tendency”</p> <p>(HR Manager MEDCO).</p>

**Table 5: Consequential Legitimacy**

<p>“There is a whole set of metrics that the plant has to meet, so if you are meeting your metrics then you will be well up on the league table and this is important”</p> <p>(R&amp;D Sustaining Manager PHARMCO).</p>
<p>“The EPA [Environmental Protection Agency] award would be an example of this as they are not overly conscious of the environment in the U.S. We did a recycling program and they are now looking at this project so they have come back and asked questions about that”</p> <p>(VP International Finance CHEMCO).</p>
<p>“For instance if there is a new product and [HEALTHCO] doesn’t have an issue with it but the other plant does then it is like a little flag that makes things happen”</p> <p>(Plant Manager HEALTHCO).</p>
<p>“There are a number of initiatives where it would be piloted in [our subsidiary] first... run for 6-12 months and then scale it into other plants around the world. If the pilot falls then the initiative will never take off”</p> <p>(VP Global Vascular Operations MEDCO).</p>

**Table 6: Linkage Legitimacy**

<p>“Our corporate guys made such a huge deal about it, we were lucky in that they both made a connection, certainly helped the fact that [The Prime Minister] knew me from back in the day, its really seen as important for the company, everybody likes getting their corporate ego stroked, he knew me, it was a big deal, it made national TV”</p> <p>(Plant Manager CHEMCO).</p>
<p>“We have a government affairs office in Dublin and they interact with the government quite a lot and if there is any event happening they get politicians in”</p> <p>(R&amp;D Sustaining Manager PHARMCO).</p>
<p>“It is another way we stand out I think...it is not only do we produce new initiatives but we produce initiatives that are based on research. So we do not just say this is a good idea that everyone else is doing so therefore we are going to do it too. We go back a step and figure out why this is a good idea for us and is there a sound base on which you make that decision so everything back to literature reviews”</p> <p>(Senior HR Manager MEDCO).</p>
<p>“They have the knowledge as to what is out there and what is available and they are benchmarking within the med tech sector. The IDA actually facilitate this too in that they will say we are down in company X and we have a contact so do you want to come down and visit them?”</p> <p>(Financial Controller HEALTHCO).</p>

**Figure 1 – Subsidiary Issue-Selling Roles**

